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December 20, 2013

To: State Government Efficiency Review Committee

From: Submitted by Craig Goetsch, on behalf of
Iowa Insurance Division

Re: STATE EMPLOYEE EFFICIENCY SUGGESTIONS – possible consolidation or elimination of
boards and commissions

We propose the workgroup convened in Iowa Code section 505.8(18), as it has no official or formal name, is a good candidate for elimination. The goal of the group is to reduce the costs of providing health insurance coverage and health care services. First, the Commissioner only has authority over health insurance as opposed to health care services. Therefore concerns and issues raised about how to reduce the cost of health care services are often moot because the director of the state agency that is in charge of health care services is does not participate in the group. Second the law was put in place before the implementation of the Medical Loss Ratio (MLR) requirements. With the implementation of the MLR insurers are now required to minimize their administrative costs to a defined amount. Any amount over what is permissible by federal law is reimbursed to the policyholder. In light of these particular factors, the Iowa Code section 505.8(18) committee may not (and have not in the past) produced substantive changes or suggestions to reduce the costs of health insurance and health care.